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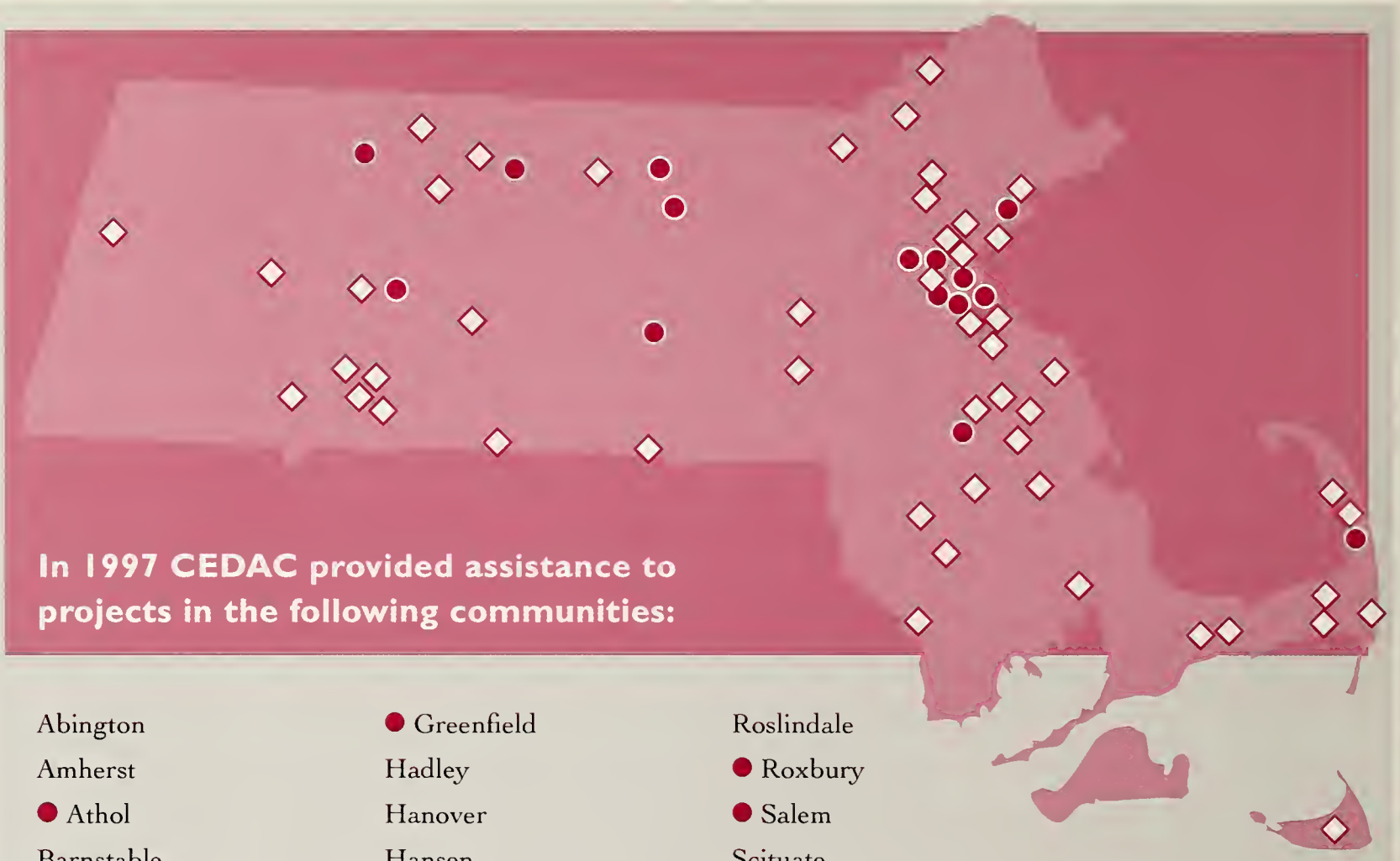
CEDAC

COMMUNITY
ECONOMIC
DEVELOPMENT
ASSISTANCE
CORPORATION

ANNUAL
REPORT
1997



In 1997 CEDAC provided assistance to projects in the following communities:

Abington
Amherst
● Athol
Barnstable
Berkley
Beverly
● Boston
Braintree
Brewster
Bridgewater
Brimfield
● Brockton
Cambridge
Charlestown
Chelsea
Chesterfield
Chicopee
Chinatown
Dorchester
East Boston
East Springfield
● Eastham
Fall River
● Fitchburg
Framingham
Gardner
● Greenfield
Hadley
Hanover
Hansen
Harwich
Haverhill
Holliston
Holyoke
Hyannis
● Jamaica Plain
Lawrence
● Leominster
Lowell
Lynn
Medford
Nantucket
North Eastham
● Northampton
Northfield/Bernardston
Orange
Orleans
Pittsfield
Plympton
Quincy
Reading
Rockland
Roslindale
● Roxbury
● Salem
Scituate
● Somerville
● South Boston
Springfield
Taunton
Wales
Wareham
● Watertown
Webster
Wellfleet
Wendell/Leverett
Wilmington
● Worcester

● *Community Economic Development Capacity Building Initiative Participants (Phase Two)*

The proof of CEDAC's impact on the non-profit development community goes far deeper than just the buildings it helps restore, the programs it helps to create, the policies it helps to formulate. For each endeavor, there are many lives that are touched by the positive changes brought about by CEDAC's work. Whether it be a new building, a place for children, a safer neighborhood, or the chance to call a house a home, CEDAC and its non-profit partners truly help renew the spirit of community in neighborhoods across Massachusetts.

Michael Gondek, Executive Director, and Jane Wallis Gumble, Chairperson

letter from the *chairperson* and the *executive director*

NINETEEN NINETY-SEVEN was the best of times for housing. Nineteen ninety-seven was the worst of times for housing. A contradiction? Not according to the Joint Center for Housing Studies at Harvard University. In fact, the market and policy forces which contribute to the first conclusion also drive the second.

Conditions for promotion of homeownership are virtually optimal, and have pushed the national homeownership rate to an all-time record high of 66%. And minority households, both immigrant and native-born, account for a large and growing share of the homeownership market, anchoring the first-time buyer market in many areas.

But, notes the Center, the same long term forces that support strong homebuying also undermine rental housing. Increasingly, rental housing is home to the poorest Americans. The plight of unsubsidized renters is dramatic. HUD has documented a 67% increase in the growth of renter households with "worst case needs": those with incomes less than 50% of median who pay at least 50% of their income for rent in inadequate units. And for extremely low income renters, those whose incomes fall below 30% of median, the rent burden is even worse: nearly 70% pay more than half of their income for rent.

And the current restructuring of federal housing and income assistance programs places the poorest citizens at increasing risk. In 1996, for the first time in history, the number of federally assisted rental housing units actually decreased. Nineteen ninety-seven was the second year of that trend. It shows no signs of reversal.

CEDAC spent years working with Congress, HUD, resident groups, and non-profit developers to preserve the existing federally assisted rental housing stock in Massachusetts, and our work paid tremendous dividends in 1997. Almost 900 rental units at risk of pre-payment of their federally-subsidized mortgages, and therefore of loss from the low-income inventory, were successfully purchased by non-profit developers and resident groups, with major funding commitments from HUD, and critical assistance from the Department of Housing and Community Development. Virtually all the projects in the state's inventory that were eligible for preservation funding secured that funding: a tremendous accomplishment, but one that pales in comparison to the scale of the effort that lies ahead.

We have already begun to work with both non-profit and for-profit owners, as well as HUD and the Congressional delegation, to address the issue of expiring Section 8 project-based contracts, which will affect thousands of units in Massachusetts. But the preservation of existing low-income units, while crucial, will not provide any new units for our poorest citizens whose housing burden has been documented by the Joint Center. That should be our collective task moving forward.

Besides our signal success in preserving low-income housing units in 1997, CEDAC:

1. Completed the transfer of control of the Child Care Capital Investment Fund (the FUND) to CEDAC, from the United Way of Massachusetts Bay. We are very grateful to the United Way for its bold launch of the FUND in 1991, and we appreciate the confidence they have demonstrated in CEDAC to expand the FUND statewide, and to use its resources to spearhead the badly-needed expansion of the non-profit child care system in the state;

2. Initiated, in partnership with the Massachusetts Housing Partnership Fund, the new Acquisition Loan Program (ALP). The ALP will provide flexible loan capital to non-profit developers to acquire key properties quickly for neighborhood stabilization and redevelopment, in cases where the developer must acquire and hold the property while financing is secured; and

3. Began Phase Two of the Community Economic Development Capacity Building Initiative (CED CBI), in concert with the Massachusetts Association of Community Development Corporations (MACDC) and our thirteen partner CDCs.

We were also pleased to welcome three new members to the CEDAC Board of Directors. James Canavan, Peter Daly, and Richard Muraida bring a high level of commitment to CEDAC's work. We are delighted that they have agreed to apply their talents to CEDAC's governance. Along with the rest of the CEDAC board and staff, we anticipate enhanced accomplishments by our non-profit developer partners, and we will help provide the resources and opportunities for their continuing growth.

Jane Wallis Gumble
Chairperson

Michael Gondek
Executive Director

Some of the projects CEDAC assisted in 1997. *Top to bottom:* Angel House, Hyannis; South Street Apartments, Northampton; the Somerville YMCA; and Nate Smith House, Jamaica Plain.

Sandra Sierra (program assistant), Riola Lazo (instructor), and Carmen Sosa (graduate), at the graduation ceremony for the Jamaica Plain NDC's Family-Based Day Care Training Program. Photo courtesy of the Jamaica Plain Neighborhood Development Corporation.

community economic development capacity building initiative

CEDAC CHOSE THIRTEEN community development corporations (CDCs) to participate in Phase Two of the Community Economic Development Capacity Building Initiative (CED CBI) in 1997. MACDC and CEDAC designed the CED CBI to help CDCs better focus their efforts on creating jobs and income for their low-income constituents, and to develop the capacity to implement economic development activities which would achieve the greatest possible impact.

Phase One provided training and consulting assistance to help CDCs formulate strategic action plans for economic development activity in their communities; prioritize specific project and program opportunities for implementation, and define their needs for training and technical assistance to refine and implement those project ideas. Phase Two provides the CDCs with the training and technical assistance resources required for project development and implementation. Phase Two offers participant CDCs training; consultant services for program design and project development; peer training and information sharing; assistance in fundraising and relationship building; and seed funding for new projects.

Already, early in Phase Two, several CDCs have successfully implemented new program initiatives which build on the conclusions of their strategic planning processes. These new initiatives embody the strategic thrust of the CED CBI, in that they incorporate important principles: (1) focus on the employment needs of the very low-income populations in each CDC's neighborhood; (2) creation of strategic partnerships and alliances with important employment-generating institutions and new economic growth areas; and (3) replication of successful CDC program development efforts.

The Jamaica Plain Neighborhood Development Corporation (NDC) initiated its Family-Based Day Care Training Program in response to needs expressed for both job creation and affordable day care. The program, modeled on the successful Acre Family Day Care in Lowell, aims to train 40 low-income women in developing, owning, and operating their own family day care businesses. Through an intensive 12 week training cycle and internships in a local Head Start center, women receive training in all aspects of family day care including health and safety, child development, nutrition, conflict resolution,

parent/child communication, marketing, budgeting, and taxes and finance.

To meet the tremendous demand for Spanish-language training, the first two training cycles are being conducted in Spanish. Of the twelve women who graduated from the first training cycle, three have received their licenses to operate their own businesses; another three are finishing the licensing process. One has obtained a full-time position as a Head Start teacher, and the remaining five are seeking employment. NDC staff work with the six women who have or will have their licenses, to help in the start-up phase of the business. The NDC is also working to establish a family day care "system" that will enable the day care providers to access day care subsidies from the state. The CED CBI has supported the program development and training services provided to the NDC by Acre Family Day Care (Acre FDC). Acre FDC is a spin-off from the Coalition for a Better Acre, a CDC in Lowell, and thus represents an excellent example of CDC peer training.

CEDAC has also committed Phase Two funds to the Twin Cities CDC in Fitchburg/Leominster, for its plastics industry project, which exemplifies the kind of strategic thinking and partnering the CED CBI encourages. The CDC is developing a sectoral strategy, based on the rapid job growth it observed in the plastics industry when developing its strategic plan. Plastics companies were literally importing workers to fill jobs because they could not find local qualified applicants.

So the CDC helped to convene the North Central Work Net, a group of workforce development agencies in north central Massachusetts, to help devise ways to connect low-income people with jobs in the plastics industry which provide salaries sufficient to raise a family. The CDC is working with local public officials, workforce development agencies, and the plastics industry to enhance the industry's competitive advantage in the global

Twin Cities CDC Board President Richard Fusco, CDC Board and Economic Development Committee member James Holderby, Economic Development Director Betsy Hannula, and Business Consultant Charles Scaletta discuss the proposed Worklinks project. Photo courtesy of the Twin Cities Community Development Corporation.

economy. The CDC envisions developing a temporary placement agency to screen and place pre-qualified workers, help the workers address barriers to their employment, and then provide post-placement monitoring and follow-up services. CEDAC has provided Twin Cities with assistance in writing a business plan for this temporary placement agency, and in developing a fundraising strategy.

Oak Hill CDC in Worcester has already developed and launched a pilot job linkage program with St. Vincent's Hospital, the largest employer in its target area. Oak Hill provides basic job readiness training to unemployed adults, and then refers them to the personnel department at the hospital, where they receive on-the-job training and placement at the hospital in positions such as nurses' assistants. The hospital has expressed interest in expanding the program to other job categories. The jobs tend to be entry-level positions initially, but Oak Hill sees strong possibilities for expanding its new niche to jobs such as home health aides which are in great demand.

Children enjoy the new facilities at the Somerville YMCA.

child care capital investment *fund*

THE CHILD CARE Capital Investment Fund (the FUND) passed an important milestone in 1997, as CEDAC assumed corporate control of the FUND from its founder, the United Way of Massachusetts Bay (The United Way). The United Way and the FUND's board of directors decided to transform the FUND from a pilot project into a permanent institution capable of addressing the capital needs of the subsidized child care industry through its core functions of lending and technical assistance, while expanding its agenda to encompass a more ambitious set of goals:

1. addressing the systemic issues that limit the supply, and undermine the quality, of child care in low-income communities, by embracing a focused public policy research and resource development agenda;
2. expanding its geographic reach to embrace the entire state of Massachusetts;
3. restructuring its capital base, and expanding its lending program, to achieve economies of scale in its operations, and to address the full scope of the need for capital investment in facilities; and
4. linking the FUND's work more systemically with a broader community building and community development agenda.

The continuity of the FUND's mission, and the commitments of its original funders and sponsor, will survive through restrictive covenants imposed on the FUND's financial assets, and through retention of the core of the FUND's existing board of directors.

The FUND continued to provide loan and grant financing and technical assistance to non-profit child care providers in 1997. The FUND has now committed over $2 million in loan and grant financing for non-profit child care centers which serve over 70% low-income children, and has leveraged an additional $8 million in other project financing. The FUND's financing and technical assistance have improved over 2,350 child care slots during its six-year lending history.

THE FUND'S LOAN COMMITMENTS, BY YEAR

SOMERVILLE YMCA

A $120,000 LOAN FROM THE FUND helped catalyze the adaptive re-use of a three-family house adjacent to the Somerville YMCA to a full-day child care facility serving 39 children. The YMCA had operated an after-school program in its main facility for many years. Parents in the program had been consistently asking the Y to start up a full day program so that they could drop their children off at the same site, instead of leaving one child at the Y for after-school and another at a preschool across town.

The YMCA staff had little experience with capital planning and development, so FUND staff helped them to map out the business plan for the new program; select and oversee a project architect's design work; and manage the construction process. A technical assistance grant/loan package from the FUND allowed the Y to hire an architect to provide the Y with a feasibility study, schematic design, and a cost estimate, as well as to hire Mills & Pardee to assist the YMCA with a range of programming issues, such as the number of teachers to hire, salaries, marketing, enrollment strategy, and how and when to order classroom equipment.

The new center serves 39 children, at a total project cost of $250,000. The first floor of the building consists of a preschool room for 19 children; the second floor a kindergarten room for 20 children. The substantial renovation of the building included extending the front of the building by partially enclosing the front porch, adding a third floor dormer, and enlarging the entry vestibule to accommodate a handicapped porch lift.

Above: The Somerville YMCA's child care facility offers spacious, sunny classrooms and improved accessibility.

CUI's new home near Watertown Square.

COMMUNITIES UNITED, INC./ ST. PATRICK'S SCHOOL

COMMUNITIES UNITED INC. (CUI), a multi-service agency that provides Head Start and child care services to eleven cities and towns in Metro West, has an excellent reputation for providing high quality child care programming. In mid-1995, CUI's executive director, Stacy Dimino, faced a tough management decision common in the non-profit child care world.

Two programs, providing Head Start and full-day programming to toddler and preschool age children, were located in the basements of a Watertown housing development and a Waltham library. The spaces were dark and cramped, with no natural light and little potential for improvement through capital investment. However, one space was provided free to CUI, the other at a below-market rent, and both were conveniently located for the families served. Based on feedback from classroom teachers and program staff, Stacy resolved to locate higher quality space at a location convenient to public transportation. A real estate broker identified a potential site—a former parochial school right outside of Watertown Square, a transportation hub with connections to downtown and the west via bus and the Turnpike.

After walking through the school with Gail Sullivan, an architect with extensive child care design experience, Stacy was thrilled with the possibilities the building offered. The 1924 school building was in good condition, and its sun-filled classrooms would require only minimal layout changes to suit CUI's programming needs. The major required upgrades included lead paint abatement, window-replacement, upgrades to lavatories, and handicap accessibility improvements. The ultimate cost of the renovation project totaled $648,200. CUI covered approximately 60% of the cost with its own resources. After the FUND committed its maximum $120,000 loan, it helped CUI identify Boston Community Capital (BCC) as a source for the rest of the debt CUI could afford, and negotiated the FUND's first co-lending arrangement with BCC. The FUND's technical assistance included development of capital and operating budgets, a technical assistance loan for architectural services, and identification of gap financing resources.

CUI's sunlit classrooms provide an ideal setting for the children, with minimal layout changes.

Catherine Braunstein, president of the Commonville Tenants Council, and Jerome Rubin, chairman of the Allston-Brighton CDC board of directors, at the Commonwealth/Glenville Celebration. Photo courtesy of the Allston Brighton Community Development Corporation.

housing development and preservation

CEDAC CONTINUED TO DEVOTE the largest share of its program effort to the development and preservation of housing for low income families and individuals. We concentrated our resources on restructuring troubled federally assisted housing; using the resources of the Housing Innovations Fund (HIF) and the Facilities Consolidation Fund (FCF) to create new service-enriched housing options; and assisting the non-profit development community to generate new low-income housing in cities and neighborhoods where shelter is most needed.

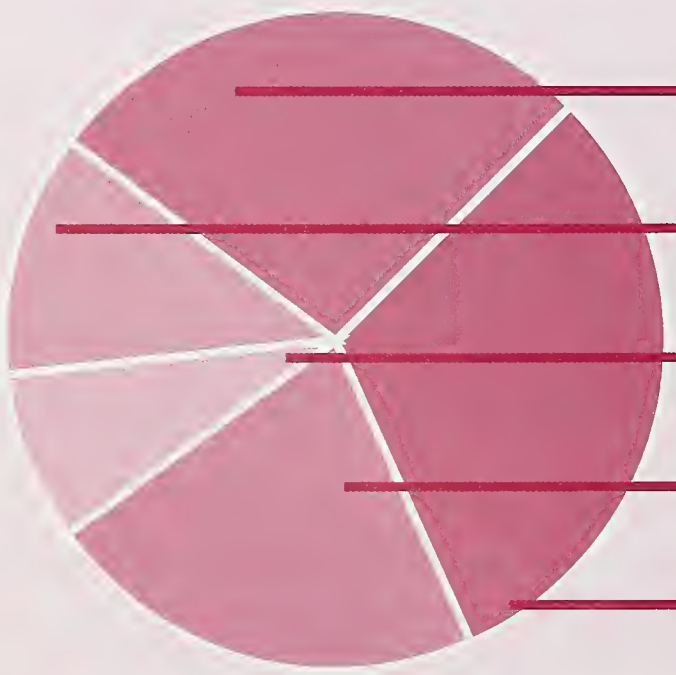
CEDAC Chairperson Jane Wallis Gumble shares a laugh with U.S. Senator Edward M. Kennedy and Massachusetts Senate President Thomas F. Birmingham at the opening ceremony for 808 Memorial Drive.

Our efforts this year to preserve federally assisted rental housing were marked with notable success, culminating many years of cooperative efforts with local non-profit community developers and resident associations. In June, Andrew Cuomo, Secretary of the Department of Housing and Urban Development (HUD), and Congressman Joseph P. Kennedy announced the commitment of $45 million to seven affordable housing projects in Massachusetts, containing 894 units. The federal funds were made available under the Low Income Housing Preservation and Resident Homeownership Act (LIHPRHA) of 1990, to projects whose owners were eligible to repay their federally subsidized mortgages.

Tenant- and community-based non-profit purchasers at each of the developments received capital grants to acquire, renovate, and permanently preserve the units of affordable housing. The groups involved in these efforts had been working for as long as ten years to purchase and preserve these critical housing resources. Twelve other projects in the state, containing 2,700 units, had previously been sold to resident or community purchasers under federal preservation programs.

These buildings are undergoing substantial renovations to address 20-year old system upgrades, as well as to meet new code requirements. The existing cost-based rent structure (which provides substantially below-market rents), and tenant income profiles, (including a racially and ethnically diverse mix of low and moderate income elderly and families) will be preserved for the remaining useful life of the housing.

FY97 SUMMARY OF LOAN COMMITMENTS BY PROGRAM AREA



27%	Affordable Housing	$992,814
12%	Child Care	$435,000
8%	Economic Development	$306,850
22%	Housing Preservation	$798,770
31%	Supported Housing	$1,135,747
	Total	$3,669,181

COMMONWEALTH/ GLENVILLE APARTMENTS

ONE OF THE LONGEST STRUGGLES in the state to preserve very low-income rental housing came to a triumphant climax when the Allston Brighton CDC received $15.3 million from HUD for the purchase and rehabilitation of the Commonwealth and Glenville Apartments in Allston. The funding commitment assured the long-term preservation of these 235 rental units as affordable housing, to be jointly owned and run by the CDC and the Commonville Tenants Council (CTC). This unique collaboration structure combines community development expertise with the residents' stake in their housing, to ensure long-term ownership stability and accountability.

Commonwealth Apartments is a 118 unit federally-insured, "expiring use" development located off Harvard Avenue in Allston. Its partner development, Glenville Apartments, comprises 117 units in the same neighborhood.

Charles Grigsby, director of Boston's Department of Neighborhood Development, addresses the crowd at Commonwealth/Glenville's celebration.

Vincent F. O'Donnell, CEDAC's Director of Development, celebrates the opening of the Commonwealth/Glenville Apartments with Congressman Joseph P. Kennedy, CEDAC Executive Director Michael Gondek, and HUD Secretary Andrew Cuomo.

The tenant populations are primarily very low income, racially and ethnically diverse, and include both families and elderly. The current tenant profile includes 200 (85%) very low-income, 24 (10%) low income and 11 (5%) moderate income households. The properties had suffered over the years from absentee owner neglect and mismanagement.

The CDC and CTC sought to acquire these properties for more than 10 years, through litigation against the owner, amid roller-coaster changes in federal funding programs, with substantial support from CEDAC. Working through its long-time partnership with the city of Boston, CEDAC awarded over $350,000 in loan and grant funds to support pre-development costs and the CDC's project management expenses. CEDAC's Director of Development, Vincent F. O'Donnell, was among a handful of leaders of a national effort to save the HUD funding program which ultimately financed the deal.

Especially with the recent demise of rent control, the preservation of affordable community-controlled housing is a critical priority in Allston. The immediate neighborhood has long suffered from a constant influx of students, speculative increases in rents and prices, and disinvestment by absentee owners of multifamily housing. The properties will undergo substantial renovation, including complete window and partial roof replacement, major plumbing, heating, and electrical system improvements, handicap access upgrades, and hazardous materials abatement (ceiling asbestos, lead paint, and underground oil tank removal).

Right: Priscilla Lopes, president of the 808 Memorial Drive Tenants Council, speaks at the project's opening. *Below:* 808 Memorial Drive, viewed from across the Charles River.

808 MEMORIAL DRIVE

808 MEMORIAL DRIVE HAS LONG OCCUPIED one of the most desirable, high-profile locations of any mixed-income housing in the Boston area. Situated on a scenic stretch of the Charles River in Cambridge, with views of the downtown Boston skyline, 808 Memorial Drive's tenant population resembles a mini United Nations: residents of diverse ages, races, ethnic backgrounds and incomes live comfortably together. More than two thirds of the development's 301 rental units benefit from various rental subsidies.

But from its inception, 808 Memorial Drive suffered from construction-related problems. Defects in the original pre-cast concrete construction have caused water leaks and infiltration through the pre-cast concrete panels, widows, doors, and roofs since the complex opened in the early 1970's. So Homeowners Rehab, Inc., an experienced Cambridge non-profit developer, and the tenants joined forces to purchase 808 Memorial Drive, and invest nearly $10 million in repairs.

The city of Cambridge, contending with the loss of affordable rental housing because of the abolition of local rent control, committed $1 million and agreed to reduce the property taxes on 808 Memorial Drive by 60% of their previous assessment. The Department of Housing and Community Development allocated $750,000 in low-income housing tax credits, and another $500,000 in deferred loans. And HUD committed nearly $15 million in a housing preservation capital grant. When the capital investment program is completed, the residents of 808 Memorial Drive will enjoy a standard of housing quality to match their views.

Above: 33 Bow Street, Somerville, after renovation.

33 BOW STREET

THE 104-YEAR OLD BUILDING at 33 Bow Street in Union Square in Somerville was an abandoned, crumbling, once-beautiful Victorian building. Tips of the graceful roof turrets had broken off, and hunks of wall had fallen away, revealing the ribs of the structure. Lead paint flakes floated through the air. Worst of all, used needles in the hallways traced the paths of junkies. "I remember this building before; it was awful," said Richard McPhearson, a resident of the new apartment building, and Commander of the Union Square Vietnam Veterans Post down the street.

Prominently located in Union Square, the building was dragging down the area. The Somerville Community Corporation (SCC) a private nonprofit agency, operates out of a former church directly across the street from the sagging Victorian, and decided to intervene. The SCC acquired the building from the Federal Deposit Insurance Corporation (FDIC), after the FDIC had taken the building from a failed savings and loan. SCC then began renovations costing $2.5 million.

Originally the first lodging house in Somerville, the elegant landmark has been transformed, painted outside in bright purples and grays, and inside in soothing whites. The floors have been redone in tiles throughout most of the building, though some of the original wood flooring was salvageable. 33 Bow Street is now divided into 18 attractive, modern apartments for low-income families. The project was financed so that sixteen of the units will remain permanently affordable to low-and moderate-income families.

The importance of the new building was not lost on Somerville's political and community leaders. Mayor Michael Capuano gave the building high marks for its aesthetics, but also noted that he particularly liked the mix of commercial and residential use. The ground floor of 33 Bow Street is home to several Union Square businesses.

Front view of one of the buildings that comprise the Angel House development.

ANGEL HOUSE

THE ANGEL HOUSE PROGRAM on Cape Cod provides rehabilitation services to enable homeless mothers and their children to re-build their lives, following the women's recovery from alcohol and drug addiction. The Housing Assistance Corporation (HAC) had been operating Angel House in rented space in Hyannis, funded through a contract with the Department of Public Health (DPH). Recognizing its impressive record of success, and seeing ever-increasing waiting lists for the program, DPH had encouraged HAC to expand Angel House's scope.

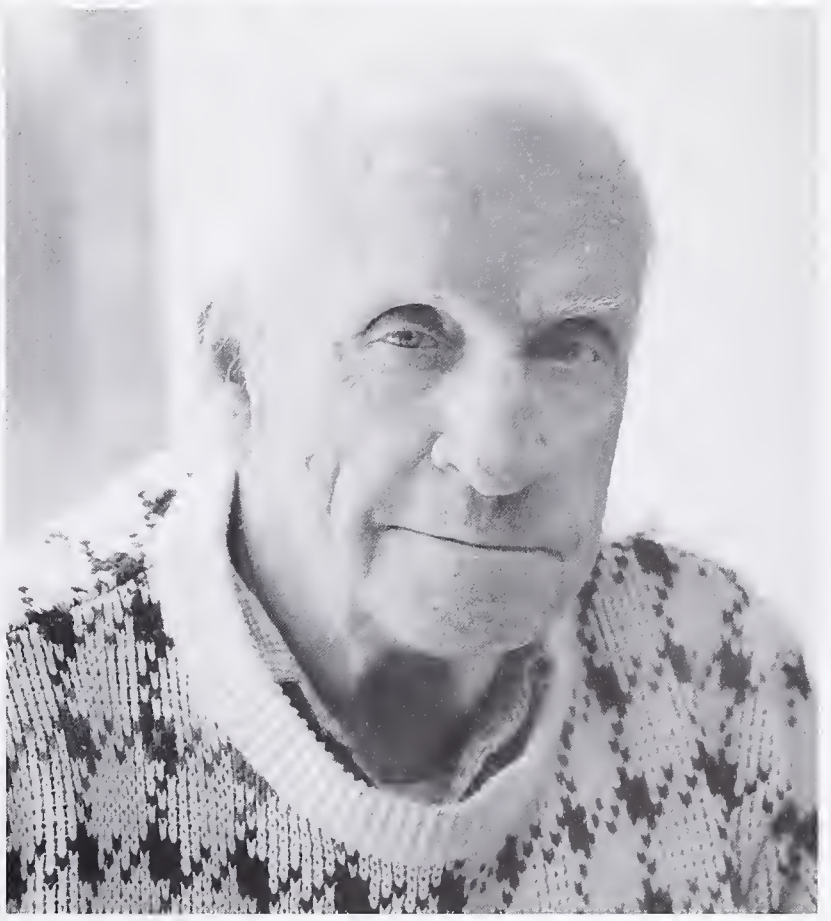
Investors had acquired a former summer cottage colony on South Street in Hyannis through foreclosure. The owners were actively marketing the site, and as the Cape real estate market began to heat up, HAC had to act fast. CEDAC provided funding for HAC to complete its due diligence on the property and to strike a deal to purchase the property. Then, an early commitment of a HIF loan gave HAC and their local lender the confidence for HAC to acquire and hold the property while they arranged the final details of the permanent financing.

The new site for Angel House allows the program to expand and stabilize. It provides congregate space for up to five families in early stages of recovery. The site also accommodates child care and office space, and apartments for additional families to live more independently, while maintaining strong links to the program and services. The expanded program space provides room for the program's graduates to come back and participate in group meetings and follow-up services.

VETERANS MANSION

IN 1994, THE VETERAN'S NORTHEAST Outreach Center (VNEOC) began a search of Haverhill's surplus and abandoned buildings for an appropriate site to house local homeless veterans. The VNEOC needed a site where veterans could live, search for jobs, get support from other vets, and begin to lead normal lives. The Director of VNEOC, David Dubé, found the stately old Victorian mansion on Cedar Street. The brick building had seen better days, but it was structurally sound and elegant.

When Dubé contacted CEDAC for assistance, he sent along a picture of the building, noting that the windows had been broken by local "salesmen"—a crack cocaine house was across the street. Rehabbing the building, Dubé felt, was not only good for the vets, but would be good for the neighborhood. Working with the city of Haverhill, VNEOC acquired the building from the Federal Deposit Insurance Corporation (FDIC) for $5,000. CEDAC provided VNEOC with the pre-development loans to hire the development consultant, architect, and other professionals necessary to make the project a reality. The VNEOC sought and secured federal McKinney Section 8 rental subsidy, FHLB funding, and local foundation funds, as well as local bank financing. In Haverhill an early commitment of a subordinated loan from HIF was again critical in establishing the project's credibility.



At right, top to bottom: Veterans Mansion residents Thomas Wright and Leonard Rise; the newly renovated Veterans Mansion; and Veterans Mansion resident Leo Dragon.

UPSALA SCHOOL

THE OAK HILL CDC IN WORCESTER and Saint Vincent's Hospital formed a partnership to convert the vacant former Upsala Street School into a magnificent home for fifty low-income elderly individuals and couples. The school had been vacant for 13 years, had been vandalized repeatedly, and was such an eyesore and liability in the neighborhood that the city planned to tear it down. But the CDC worked with the city government and the neighbors to devise a plan to re-use the building for elderly housing, and convinced the hospital to join the CDC as a co-sponsor to assure that medical and supportive services would be provided on-site.

The conversion of the school has changed the lives of many of its elderly residents. The resident service coordinator funded by the hospital provides constructive intervention to allow the elderly to continue to live independently. Many of Worcester's elderly population live in apartments in triple deckers. Having to climb several flights of stairs makes it difficult for seniors in declining health to get around, and they become virtual captives in their own homes. Helen, for example, lived an isolated existence because she had limited mobility, and was hampered by a hearing impairment and diabetes. She was unable to navigate the medical system herself, and therefore was not receiving needed medical attention. When she moved to the school, the Upsala's resident services coordinator identified her need for medical care and intervened to coordinate her services and care, so that today Helen functions productively within the community and has an active social life.

Oak Hill CDC also negotiated a collaborative arrangement with the PACE program of the Fallon Health Care System, which is designed to care for nursing-home eligible patients in a community residential setting. Five units in the Upsala School are reserved for participants in PACE, which offers twenty-four hour personal care for its members. This intensive care provides enough support to allow these residents to remain living in their community rather than in a nursing home.

Top of page: Upsala School residents Mary Harding, Frances McGuirk, Irene Bourque, and Nancy Fallovita. *Below, left:* The school's newly rehabbed facade. *Below, right:* A construction worker works on the Upsala School's renovation.

NATE SMITH HOUSE

DURING THE 1970'S, A LOCAL LANDLORD in Jamaica Plain purchased a prominent apartment building, hoping to make the minimum investment necessary, and to eventually sell the property for speculative gains. His refusal to make repairs led to a downward spiral of deterioration, arson, and fear by the neighbors for public safety around the building. The so-called "Carroll Building" became one of the most notorious and dilapidated properties in the city of Boston.

A Housing Court judge eventually sentenced the owner to live in the property, under house arrest, until he corrected rampant code violations. The activism of abuttors and local residents eventually forced the owner to file for bankruptcy. The Jamaica Plain NDC was eventually able to purchase the building from the bankruptcy trustee, and secure HUD funding to build elderly housing on the site.

The community and the NDC sponsored a contest to re-name the building and erase the stigma attached to the Carroll name. The overwhelming choice for the resulting new elderly housing was Nate Smith, a long-time community activist who has been a tireless advocate for affordable housing and the rights of senior citizens. When it opens for occupancy in March 1998 the Nate Smith House will mark the culmination of fifteen years of community struggle led by neighborhood residents.

Above: Front view of the existing building being saved by the Nate Smith House project. *Below:* The newer section of the Nate Smith House project.

NEW SOUTH STREET APARTMENTS

FOR ALMOST ONE HUNDRED years the Cook Block has provided inexpensive housing to people who couldn't afford to pay much rent, so couldn't afford to be too fussy about the conditions in which they were living. The Queen Anne Victorian frame building stands on one of the busiest street corners in downtown Northampton. Despite heat provided by gas-on-gas stoves, cramped interiors, and antiquated plumbing, the building was an important low-income housing resource in the Northampton area.

By 1993, serious structural problems in the building, and the owner's mortgage default, threatened its demolition. The Valley CDC stepped in to purchase the property, and forged a partnership with Smith College to provide continued low-income housing and supportive services to the new residents of New South Street Apartments. The block has been reconfigured to provide eighteen housing units, six of them spacious three bedroom apartments to meet a long-standing need for large family units in Northampton. Through its School of Social Work, Smith College will provide counseling services to the new tenants. Many of the families moving in will come from Jessie's House, the local homeless shelter, which will also provide follow-up services. Smith College has also provided the permanent mortgage financing for the acquisition and renovation.

Above: A worker paints the South Street Apartments.
Below: The building during the final phase of renovation.

A beautiful exterior paint job will restore the facade of the apartment building. But more importantly, the former tenants who wish to return will move back in, and six homeless families will enjoy attractive new apartments.

funders

CEDAC's activities are made possible with the generous assistance of the agencies, foundations and corporations listed below. We are very grateful to them for their continuing support.

Department of Housing and Community Development, Commonwealth of Massachusetts

Department of Neighborhood Development, City of Boston

U.S. Department of Housing and Urban Development

Massachusetts Housing Partnership Fund

Massachusetts Housing Finance Agency

United Way of Massachusetts Bay

Massachusetts Development Finance Agency

Division of Capital Planning and Operations,
Executive Office for Administration and Finance

The Ford Foundation

Surdna Foundation

The Boston Foundation

Anonymous

Riley Foundation

BankBoston

Fannie Mae Foundation

The Hyams Foundation

Local Initiatives Support Corporation

The John Merck Fund

Fleet Bank

Fleet Investment Management—Walter J. Noonan Trust

Community Economic Development Assistance Corporation
Statements of Financial Position
June 30, 1997
(with Comparative Totals for 1996)

	Unrestricted Funds	Restricted Program Funds	Restricted Loan Funds	Total 1997	Total 1996
Assets					
Current Assets:					
Cash and Cash Equivalents	$1,044,818			$ 1,044,818	$ 829,472
Restricted Cash	38,404	$ 224,861	$8,877,995	9,141,260	9,456,950
Accounts Receivable	173,326		9,317	182,643	97,625
Grants Receivable	77,548	75,000	30,000	182,548	105,000
Net Interfund Receivables	100,560		277,382	377,942	78,041
Prepaid Expenses	23,239		1,663	24,902	14,908
Total Current Assets	1,457,895	299,861	9,196,357	10,954,113	10,581,996
Other Assets:					
Security Deposit	8,328			8,328	—
Loans Receivable, net of Allowance for Uncollectible Loans of $378,182			3,173,583	3,173,583	2,678,844
Furniture and Fixtures	213,606			213,606	172,020
Leasehold Improvements	27,305			27,305	44,905
Less: Accumulated Depreciation	(106,220)			(106,220)	(104,243)
Total Other Assets	143,019	—	3,173,583	3,316,602	2,791,526
Total Assets	1,600,914	299,861	12,369,940	14,270,715	13,373,522
Total Liabilities and Net Assets					
Current Liabilities:					
Accrued Expenses	23,953	687	6,761	31,401	42,979
Deferred Revenue	150,230	289,800	152,087	592,117	360,007
Net Interfund Payables	277,382	9,374	91,186	377,942	78,041
Deferred Compensation Payable	16,030			16,030	13,696
Accrued Compensation	29,343			29,343	20,926
Total Current Liabilities	496,938	299,861	250,034	1,046,833	515,649
Other Liabilities					
Note Payable to Funding Source	158,281		11,391,106	11,549,387	11,266,615
Total Other Liabilities	158,281	—	11,391,106	11,549,387	11,266,615
Total Liabilities	655,219	299,861	11,641,140	12,596,220	11,782,264
Net Assets					
Unrestricted Funds:					
Board Restricted:					
Operating and Other Reserves	811,004			811,004	781,980
Capital Fund	134,691			134,691	112,682
CEDAC Loan Fund			734,047	734,047	696,596
Permanently Restricted Funds:					
Acquisition Loan Funds			(5,247)	(5,247)	
Total Net Assets	945,695	—	728,800	1,674,495	1,591,258
Total Liabilities and Net Assets	$1,600,914	$ 299,861	$12,369,940	$14,270,715	$13,373,522

NOTE: These figures are derived from CEDAC's audited financial statements. A complete audit is available upon request.

Community Economic Development Assistance Corporation
Statements of Activities
For the Year Ended June 30, 1997
(with Summarized Financial Information for the Year Ended June 30, 1996)

	Unrestricted Funds	Restricted Program Funds	Restricted Loan Funds	Total 1997	Total 1996
Revenue and Support					
Grants and Contributions	$133,860	$35,036	$ 45,000	$ 213,896	$ 202,155
Government Contracts	605,593	8,716		614,309	733,938
Earned Revenue	425,224			425,224	436,128
Recovery of Uncollectible Loans			152,221	152,221	191,475
Recapture Revenue	61,485			61,485	—
Interest	55,172	9,374	691,117	755,663	631,967
Other			14,301	14,301	73,551
Release of Program Restrictions	53,126	(53,126)		—	—
Release of Loan Fund Restrictions	443,283		(443,283)	—	—
Total Revenues and Other Support	1,777,743	—	459,356	2,237,099	2,269,214
Expenses					
Loan Fund Expenses:					
Acquisition Loan Funds	25,941			25,941	—
MHP Loan Fund	170,000			170,000	150,000
MHFA TOTAL Loan Fund	3,446			3,446	27,939
HIF/FCF Loan Funds	13,351			13,351	73,551
CCCIF Loan Funds	230,545			230,545	170,743
Program Expenses:					
Pre-Development Lending	807,124			807,124	704,181
Child Care	93,409			93,409	47,711
Economic Development	86,646			86,646	277,143
Other Expenses:					
Management and General	289,952			289,952	335,928
Fundraising	4,486			4,486	9,540
Total Expenses	1,724,900	—	—	1,724,900	1,796,736
Adjustments:					
Net (Incr.) Decr. in Note Payable			(427,152)	(427,152)	(373,024)
Net Fixed Asset Disposals	(1,810)			(1,810)	(8,544)
Net Adjustments	(1,810)		(427,152)	(428,962)	(381,568)
Change in Net Assets	51,033	—	32,204	83,237	90,910
Beginning Net Assets	894,662	—	696,596	1,591,258	1,500,348
Ending Net Assets	$945,695	—	$728,500	$1,674,495	$1,591,258

NOTE: These figures are derived from CEDAC's audited financial statements. A complete audit is available upon request.

Community Economic Development Assistance Corporation
Selected Notes to Financial Statements
June 30, 1997 and 1996

Summary of Significant Accounting Policies

The Community Economic Development Assistance Corporation (CEDAC) is a quasi-public corporation established under Chapter 40 H of Massachusetts General Laws in 1978 and is discretely presented as a component unit in the Commonwealth of Massachusetts' Comprehensive Annual Financial Report. CEDAC provides a range of development assistance programs to nonprofit development corporations throughout the Commonwealth of Massachusetts to expand the supply of affordable housing and foster the revitalization of economically distressed areas. The accompanying financial statements were prepared on the accrual basis.

CEDAC has obtained a determination letter dated July 13, 1993 from the Internal Revenue Service which states that it is exempt from Federal income tax under code Section 501(c)(3) of the Internal Revenue Code. As such, CEDAC has not provided for income taxes in the accompanying financial statements.

A summary of significant accounting policies consistently applied in the preparation of the financial statements follows:

Classification of Net Assets

Unrestricted Funds are comprised of the funds used to support general CEDAC operations.

Restricted Program Funds relate to funds contributed by donors for special CEDAC programs. Contributions are recorded in the restricted program funds as they are received. When the funds are used according to their restricted purpose, the program funds are reclassified to unrestricted funds and are reported in the statement of activities as a transfer of program expenses.

Included in the restricted program funds at June 30, 1997 are those funds associated with the Community Economic Development Capacity Building Initiative (CED CBI). The CED CBI is jointly sponsored by CEDAC and the Massachusetts Association of Community Development Corporations (MACDC). The program provides training workshops and consulting assistance to community development corporations to enhance their capacity to carry out strategic planning for economic development in their target areas. The program has been fully funded by grants and contributions.

Restricted Loan Funds include those loan funds capitalized at CEDAC by various funders. These loan funds are managed by CEDAC under a management contract with the funder which outlines the use of the loan corpus and its accumulated interest. The restricted loan funds are reflected on the financial statements as a Note Payable to the Funding Source. Under these management contracts, CEDAC is allowed to charge certain administrative expenses directly to the loan fund, and these are shown as direct loan fund expenses in the Statement of Functional Expenses.

Included in the restricted loan funds is the CEDAC Loan Fund which was established with an initial capitalization of $300,000 from the Commonwealth of Massachusetts and through subsequent capitalizations from other funders. During 1996, the RTC Loan Fund and the Massachusetts Arts Loan Fund were consolidated into the CEDAC Loan Fund pursuant to agreements with the funding agencies. The CEDAC Loan Fund is used to assist eligible nonprofit organizations in covering predevelopment costs for the construction or rehabilitation of residential, commercial, and industrial real estate. Loans from the CEDAC Loan Fund are unsecured and bear 5% simple interest until the scheduled due date of the loan, which is generally the construction loan closing date of the project.

Notes Payable to Funding Source

Loan funds managed by CEDAC are governed by contracts between CEDAC and the funding source. The loan corpus and accrued interest is recorded as a note payable for each of the following funding sources:

- **The Acquisition Loan Fund** was established during 1997 to finance the acquisition of properties by non-profit developers. A $2.0 million line of credit was extended by the MHP Fund to provide acqusition financing. The term of the line of credit is three years, with annual renewal options thereafter. MHP has provided an additional $400,000 in loan capital to allow CEDAC greater flexibility in underwriting the acqusition loans to non-profit developers.

An additional $500,000 in Acquisition Loan Fund financing was provided by the Massachusetts Business Development Corporation (MBDC) for a six year term at a fixed rate of 4.71% per annum.

- **The Massachusetts Housing Partnership (MHP) Loan Fund** was established with $3.8 million in funding from the MHP Fund in 1986 as authorized by Chapter 405 of the Acts of 1985. The MHP Loan Fund is used to provide site option loans, technical assistance advances and front money loans to nonprofit organizations. In order to be eligible for such a loan, the project must result in the construction or rehabilitation of affordable housing.

Under the terms of the contract between CEDAC and the MHP Fund, all principal and interest accrues to the MHP Fund. Loans from the MHP Fund are generally unsecured and bear 5% simple interest until the scheduled due date of the loan, generally the construction loan closing date of the project.

• **The Child Care Capital Investment Fund (the Fund)** was established through an initial capitalization of $443,165 from the Child Care Capital Investment Fund, Inc., a controlled affiliate of the United Way of Massachusetts Bay. Additional loan funds were provided through a Program Related Investment (PRI) of $1 million from The Ford Foundation to the FUND. The term of this loan is nine years with partial payments in the sixth through the ninth years of the loan.

In March, 1997, a transfer agreement was signed between CEDAC, the United Way, and the FUND, which resulted in the FUND becoming a controlled affiliate of CEDAC. Under this agreement, the United Way imposed restrictions on the use of the FUND'S total net assets as well as retaining certain rights with regard to the FUND. CEDAC has been retained by the FUND board of directors as the FUND'S manager, making loans and providing technical assistance to non-profit child care centers serving low income children.

• **The MHFA TOTAL Loan Fund** was established through an initial capitalization of $350,000 from the Massachusetts Housing Finance Agency (MHFA) for the Tenant Organization Technical Assistance Loan (TOTAL) program. CEDAC's contract for the TOTAL program provides for additional funds as needed to a maximum of $5 million. The TOTAL Loan Fund is to be used to make loans to tenant organizations or other non-profits seeking to purchase and develop assisted multi-family properties owned by HUD or financed and/or regulated by HUD.

Underwriting and Fiscal Agent Services

CEDAC is the underwriter and fiscal agent for Housing Innovations Fund (HIF) and Facilities Consolidation Fund (FCF) loans which are committed by the Department of Housing and Community Development (DHCD). Upon closing each loan, DHCD generally disburses loan proceeds and related fees to CEDAC for disbursement to the designated borrowers. Notes and mortgages executed in connection with each loan are assigned to CEDAC, which is responsible for the collection of loan repayments. CEDAC and its officers, directors and employees will not be liable to DHCD for any losses on HIF and FCF loans not repaid or otherwise recovered. DHCD is also responsible for monitoring the performance of these loans.

The **Housing Innovations Fund (HIF)** was funded by $30 million in general obligation bonding authority in 1987. Additional HIF commitments have been funded by $30 million of a second general obligation bonding authority in 1993. The funds are used to support subordinated deferred payment mortgage loans to specific affordable housing projects owned by non-profit organizations. During 1993, $3 million of the 1987 bond authorization was earmarked to support AIDS Housing projects serving clients with AIDS, HIV, and other AIDS-related illnesses.

The **Facilities Consolidation Capital Pooling Program (FCF)** was funded by $50 million in general obligation bonding authority in 1993. The funds are used to support subordinated deferred payment mortgage loans to specific affordable housing projects owned by non-profit organizations. Projects funded through the FCF program are targeted to clients of the Massachusetts Department of Mental Retardation (DMR) and the Massachusetts Department of Mental Health (DMH) leaving state-supported facilities or in other state residential care.

HIF and FCF notes payable are presented in the Financial Statements net of loans receivable at June 30, 1997. Gross loans receivable and notes payable by loan program are as follows:

HIF and FCF Activity	HIF 1	HIF 2	FCF	Total
Notes Payable, Beginning	$26,617,911	$ 6,962,611	$ 3,601,373	$ 37,181,895
Reduction in Note Payable by Funder for Project Expenses	(20,980)			(20,980)
Proceeds from Funding Source		5,243,302	1,214,314	6,457,616
Interest Earned, added to Note Payable	52,476	246,684	34,160	333,320
Interest Paid, charged to Note Payable	(83,414)	(97,676)	(53,820)	(234,910)
Notes Payable, Ending	26,565,993	12,354,921	4,796,027	43,716,941
Loans Receivable Ending	(25,695,817)	(9,415,091)	(3,938,482)	(39,049,390)
Net Note Payable	$ 870,176	$ 2,939,830	$ 857,545	$ 4,667,551

CEDAC *board of directors* and staff

CEDAC Board of Directors

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Chairperson
Director, Department of Housing and
Community Development

CLARK L. ZIEGLER
Vice Chairperson
Executive Director, Massachusetts
Housing Partnership Fund

BARBARA A. CLEARY
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E. DORINE NAPARSTEK
Research and Program Development Specialist,
Massachusetts Housing Finance Agency

E. LINN TORTO
Assistant Secretary for Residential Services,
Executive Office of Health and Human Services

THOMAS G. SCHNORR
Corporate Counsel, Clerk
Palmer & Dodge, LLP

CEDAC Staff

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Executive Director

VINCENT F. O'DONNELL
Director of Development

KAREN E. KELLEY
Director of Administration and Finance

CHARLEEN REGAN
Senior Program Manager

DANIEL VIOLI
Senior Program Manager

KATHY CALHOUN
Senior Project Manager

BETH MARCUS
Senior Project Manager

BRONIA CLIFTON
Project Manager

THERESA M. WILLIAMS
Project Manager

LESLIE A. BOS
Program Assistant

JEMMA J. WILLIAMS
Administrative Assistant/Office Manager

BEVERLEY MORRIS GILL
Accountant

MARY WARD
Receptionist

SHIRLEY WONG
Intern

Design: Studio N
Photography: Greig Cranna (except as noted in captions)

As required by Section 6 of Chapter 498 of the Acts and Resolves of 1978, the report is respectfully submitted to:

ARGEO PAUL CELLUCCI
Governor
Commonwealth of Massachusetts

STANLEY C. ROSENBERG
Chairman
Senate Ways and Means Committee

PAUL R. HALEY
Chairman
House Ways and Means Committee

CHARLES D. BAKER
Secretary of Executive Office
for Administration and Finance

EDWARD B. O'NEILL
Senate Clerk

ROBERT E. MACQUEEN
House of Representatives Clerk

The Community Economic Development Assistance Corporation (CEDAC) is the Commonwealth of Massachusetts' technical assistance provider for non-profit, community-based development organizations. Established by the Massachusetts Legislature in 1978, CEDAC has helped residents of Massachusetts restore their communities as stable and vibrant places in which to live and grow. CEDAC is governed by a nine-member Board of Directors appointed by the Governor of the Commonwealth. It is a 501(c)(3) tax-exempt organization.

The Commonwealth of Massachusetts

ARGEO PAUL CELLUCCI
Governor

Department of Housing and Community Development

JANE WALLIS GUMBLE
Director

CEDAC

JANE WALLIS GUMBLE
Chairperson

MICHAEL GONDEK
Executive Director

C·E·D·A·C

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